App.F.IX-4]

1924-5

File No. G.F. 54-24

Previous References. (G.F.)

Serial Nos. 1, 2, 4, 7

~~G-224-26-2~~

Later references.

G.F. 9 1. 24.
G.F. 127-33 (1-5)
F.D. 33-P.12/39(A)

GENERAL & REVENUE SECRETARIAT

Serial Nos. 4 6 2 E

Part B for 24

SUBJECT

Forwards for information of Government Copies of letters dated 18th April 1924, and 1st May 1924, regarding the Family Pension and Public Branch received from Mr George King, Actuary, London.

Secs. 4.

To The Secretary, Mysore State Life Insurance Committee
The Comptroller to Govt
The Heads of Departments
The Deputy Commissioner of Kolar

No. FL 3331-90 dated 19th Dec 24

Directs the Closure of the Family Pension Funds

38368

D. 4810

No 13842 Fin 6.

OFFICE OF THE SECRETARY,
MYSORE STATE LIFE INSURANCE COMMITTEE,
Bangalore, dated 11th June 1924.

14.6.24

From

T. SATYARAJ CHETTY, Esq. B.A.,
Secretary, Mysore State Life Insurance Committee,
Bangalore.

To

Rajakaryaprasaktha
M.N.Krishna Rao, Esq., B.A.,
Financial Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

SIR,

I have the honor to forward herewith copies of letters dated the 1st April 1924 and 1st May 1924, regarding the Family Pension and Public Branch, received from Mr.George King, Actuary, London for the information of Government.

The 2 letters, Copies of which are enclosed, disclose rather an alarming state of affairs in the Family Pension Fund & Public Branch transactions of the W.P. Insurance Dept, which demand the immediate adoption of suitable steps, before Court are called upon to make good the losses as SV. Mr. George King feels almost assured of such a contingency from the data before him.

I have the honour to be,
Sir,
Your most obedient servant,

For Secretary,
Insurance Committee.

Two basic suggestions are made by him
(1) the Family Pension Fund should be wound up as there are inherent defects in the rules laid down for the working of the Fund. The tables &

B. & C.P.B. 1000, 27-9-19.

G. R. S. III-21

General and Revenue Secretariat.

G. File No. 54 of 1924

Serial No.

Premium rates have not been approved in experience return.

2) Acceptance of hazardous lives in the public branch is denounced emphatically.

The return has called for some further information from the Insurance Companies which developments have to be patiently awaited.

The Insurance may perhaps be told that he may peruse a proper return of the condition after receiving in due course the return both the returns & make a report to Govt. / orders or information & orders, if any.

6R 7/6 Secy 9.6.24

Please get from the Insurance office the files relating to the constitution of the Family Pension and Public Markets and the changes made in them from time to time. The Insurance office may also be asked to state if any replies have been sent to Mr King's letters in this file. Mull 7.24

Very Early

NOTE—Contn. sheet.

G. R. S. III-21

4810

General and Revenue Secretariat. | File No. of 19 .

Serial No.

Received 2.7.24

[illegible]

[illegible]

Returned with compliments with the connected files & copies of replies sent to Mr. G. King, as per accompanying list.

[illegible]
for Secy
G. S. L. & 3. 7. 24

NOTE—Contn. sheet.

List of files submitted.

I. FAMILY PENSION BRANCH.

(a) File of papers relating to the constitution of the Family Pension Fund. "A"

(b) The papers relating to the revision of Family Pension Tables on the - - recommendation of the Actuaries Messrs. Bacon and Ackland, vide G.O.No.Fi.6042-90, dated 11/4/1917 copies herewith put up and flagged (A.)

(c) Office draft sent to Mr. George King in reply to his letter dated 1st April 1924 is herewith put up in the file Flagged "B"

II. PUBLIC BRANCH.

(a) File of papers relating to the constitution of the Public Branch. Flag "Z"

(b) Office copy of the reply sent to Mr. George King in reference to his letter dated 27/3/24. Flagged "E" regarding revision of rates of the Public Branch and his acknowledgement thereto.- Flagged 'D'

3/7/24

GEORGE KING, F.I.A., F.F.A.
CONSULTING ACTUARY.
Telephone No 3595 Central
Telegraphic Address
"ACTUELLE, PHONE, LONDON"

Reg. 6147.

Duplicate

Insurance

15 Wallbrook,
London, E.C.4.

1 April 1924.

T. Satyaraj Chetty, Esq., B.A.
Mysore State Life Insurance Committee,
Bangalore.

Sir,

Family Pension Branch.

1. I have been studying carefully the constitution and position of the Family Pension Branch of your State Life Insurance Scheme, but I find the question to be very difficult, the information before me being meagre. Although this Branch has been in existence for a long time, this is the first occasion on which it has been referred to me. I have the Annual Reports, and I have certain papers called Index Sheets, and these it is not easy to reconcile with each other. I gather, however, that since the commencement of this Branch only 19 members have entered, and of these, 12 remained members on 30th June 1923, having nominated 19 dependents. 3 members lapsed their contracts by failure to pay contributions, 2 members died leaving beneficiaries to take annuities, and in the case of 2 members the nominees either died, or their annuities ceased through the attainment of the limiting age.

2. The first tables of rates were adopted on 18th March 1911, and they gave rates of contribution for two kinds of reversionary annuities, namely, Table 1, for the annuity to run for the whole of the life of the nominee after the death of the member, and the

contributions to be payable during the whole of the joint lives of the member and the nominee, and Table 2, for the annuity to run up to a given age of the nominee after the death of the member, and contributions to be payable during the joint lives of the member and the nominee until the nominee should attain the given age. I do not know on what basis of mortality and interest these tables were calculated, and I should require full information on this point. From the appearance of the tables I should say that they had actuarial sanction, but I myself have no statistics of mortality in the State of Mysore for female lives, or for young male lives. Theoretically the scheme could be actuarially worked under these old tables, as no complicated mathematical formulas were involved, and if a competent Actuary prepared the tables, then I have no doubt a Fund working under them would be sound.

3. The old tables mentioned in Par. 2 above were superseded on 11th April 1917 by a new set of tables, also of the two kinds, providing for annuities for the whole of the life of the nominee after the death of the member, and for annuities up to a given age of the nominee after the death of the member; but two vital changes were brought into these new tables. In the first place, under no circumstances are contributions to be payable by the member after the attainment of age 55, and, in the second place, half the contributions paid are to be returned in the event of the nominee dying before the member. These changes make it impossible actuarially to value the Fund, although in theory of course a valuation of some kind could be made. It would, however, be necessary to prepare at very heavy cost a gigantic set of tables upon a suitable mortality

table for proper rates to be calculated, and for a valuation to be made, and, even if the Fund were a very large one, the cost of preparing such tables, and of using them in a valuation, would be practically prohibitive. The main difficulty would be the provision for a return of contributions, and I think you can see that that in itself is an unsound arrangement. The return is to be made after the risk has been incurred, and it does not leave sufficient provision for the risk. To take a very simple example of this, you can see that in the case of fire insurance it would be impossible for the Company to promise to return the fire premium paid if during the year no claim had been made. That would mean necessarily that the Company would have to charge a premium equal to the whole sum at risk, or otherwise there would be no provision for losses. Although the new tables were adopted so recently as April 1917, I was not consulted, and at that time I was acting as your Actuary. Did they have actuarial sanction, and, if so, it would be interesting to know who was the Actuary who advised you to adopt them? I cannot believe that any Actuary of real knowledge and experience could have taken that step. I have no means of testing the tables of rates, but I feel very sure that the rates are quite inadequate, and that working upon them the Fund must result in loss, and must become insolvent.

4. I give you my opinion quite frankly above, and I think you yourselves must have something of the same idea in your minds, because in the Annual Report on the working of the Mysore State Life Insurance Scheme for the year ending 30th June 1922, on page 2, paragraph IX (5) reads as follows:-

"The Actuary will be asked to value the certificates in this branch as it would stand on 30th June 1923 and the question of continuing this branch will be decided after receipt of a report from the Actuary, taking into consideration that it has not been as popular as was expected and that the net income does not leave a sufficient margin to meet future liabilities."

5. In accordance with the suggestion in the paragraph quoted above from your own Annual Report, I therefore recommend that the Family Pension Branch be discontinued. I do not think that at the moment you can wind it up at once, but it should be closed to new entrants, and in the course of a few years the contracts of the present 13 members will go out of force. Some will probably lapse their policies, and in the case of others the nominees will die or reach the limiting age, but possibly some of the present members may die leaving beneficiaries, and it would be necessary for the Fund to be continued to pay the present existing beneficiaries until their benefits cease, and to pay the benefits to others who may hereafter become beneficiaries. Gradually, however, the Fund would become extinct. I fear it will result in a loss to the Mysore Government, who will have to supplement the Fund with special payments from time to time, but, in view of the fortunate smallness of the membership, that loss will never be serious. The constitution of the Fund being so complicated, I do not see how in justice to the present beneficiaries, and to the present members, and possible future beneficiaries, a division of the funds can be made to make it possible to wind up the Fund promptly.

I remain, Sir,
Your obedient Servant,

George King

GEORGE KING, F.I.A., F.F.A.
CONSULTING ACTUARY.
Telephone No. 3595 Central
Telegraphic Address
"ACTUELLE, PHONE, LONDON"

Duplicate

15, Wallbrook,
London,
E.C.4.

1 May 1924.

T. Satyaraj Chetty, Esq., B.A.

Mysore State Life Insurance Committee,

Bangalore.

Sir, Public Branch.

I now enclose duplicate of my letter of 23rd April, and since that date I have received your letter of 4th April regarding the extension of the business of the Public Branch so that it may include Endowment Assurances to mature at an earlier age than 45. I may say at once that I see no objection to your issuing policies to mature at these early ages, provided always that suitable rates of premium are charged, and that the Public Branch is first placed in a thoroughly sound position.

In your letter of 1st April, received by me on 22nd April, and acknowledged on 23rd, you speak of lives following hazardous occupation, and if such lives are to be accepted, very careful enquiry would have to be made in the first instance as to the amount of extra premium to be paid for each description of occupation; but I cannot help thinking that at the present stage it would be unwise to embark on this business, as it is really risky. Should you intend to proceed with it, I would look into the question carefully, and ask you for information on many points. Meantime, I can only urge that until the Public Branch has been thoroughly reorganized, I do not think any extension of the business should be permitted, either in the way of short term endowment assurances, or of the acceptance of hazardous risks. You now have before you my preliminary report of 27th March, and I await your views upon it.

Once again I must point out the extremely unsatisfactory position in which things were left at the time of the valuation of 1919, and especially the mysterious delay in dealing with the question of the rates of premium charged in the Public Branch. I had a considerable correspondence with you on this subject in the later part of 1920, my last letter dealing with the question having been written to you on 15th December 1920, and that letter has never been even acknowledged. I can therefore do nothing further about the Public Branch until you take the matter up and write me fully.

I remain, Sir,
Your obedient Servant,

George King

Letter dated 23rd April 1924, from George King, Esq., F.I.A., F.F.A., Consulting Actuary, 15, Walbrook, London, E.C.4, to the Secretary, Mysore State Life Insurance Committee, Bangalo

*****

Public Branch.

I have the honour to acknowledge receipt of your lett of 1st inst., with correspondence relating to lives ofpersons of hazardous occupation. You tell me that so far as the Official Branch is concerned these lives are to be excluded, but that in the Public Branch you are accepting lives of hazardous occupati Seeing that your letter arrived only yesterday, I have not been able to go into the question, am I must write you later on, but it will have to be considered in the ~~light~~ light of the valuation which is nearly completed of the Public Branch, and regarding which I wrote you in a preliminary way on 27th March. The Publi Branch I am sorry to say appears to be in a most unsatisfactory position, and it will have to be dealt with drastically if it is to continue. As it stands, there cannot fail to be a constantly recurring loss, which no doubt the Government would have to make good.

****

"C O P Y"

Deputy Secretary 21/6/24

Serial No.

The Actuarial valuation of the three Insurance Funds -- (1) Official Insurance Fund, (2) Public Insurance Fund and (3) Family Pension Insurance Fund for the quinquennium ending 30th June 1923 has been entrusted to Mr. George King, Consulting Actuary, London. His preliminary reports on the results of valuation of the Funds have been received. Copies of these reports have been sent by the Insurance Office for the information of Government.

The report in regard to the Official Branch is not as satisfactory as that for the period ending 30th June 1918 as the heavy mortality due to the Influenza epidemic of 1918-19 has adversely affected this Fund with the result that the amount available for declaration as Reversionary Bonus Addition will be reduced. After the final report ϕ is received from Mr. King, and considered by the Insurance Committee, the case will come up for the final orders of Government.

Public Insurance Fund.- The report in regard to this Fund for the quinquennium is not also satisfactory and here again, the adverse factor is the heavy mortality due to the Influenza epidemic. Apart from this, Mr. King considers that the rates of premia charged are unduly low and that the Fund on its present basis is bound to work at a constantly

Serial No.

constantly recurring loss. ~~At the time that~~ when this scheme was sanctioned, no Actuary was consulted and the table of premia was based upon the average of the rates charged by some Companies working in India. That the rates were not adequate was noticed by Mr. King in 1920 and as soon as he informed us of this, we asked him to revise the rates. Along with this revision, we asked for the alteration of the rates for certain ages of the Official Branch which also he considered low. The latter revision he made and we have adopted his recommendations. The former revision he has not done and the matter has not been pursued. He asked for some information and the records do not show why it was not furnished. The Deputy Secretary and the Accountant in charge of this work are now both dead and it is not possible to say why the matter was lost sight of. Mr. King has, however, been now asked to make the revision sanctioned in G.O. of 1920 and report the new rates for adoption. He has agreed to do the work and he will be requested to expedite his report. His final report on the results of valuation for the quinquennium ending 30th June 1923 is shortly expected and it will be awaited with the Committee's recommendations.

I think, in the case of the Public Insurance

Serial No.

Insurance Branch, it is undesirable to wait for its valuation for 5 years at a time. The lives that are offered for Insurance in this Branch are generally inferior to those of the Official Branch and for the sake of the Commission they get, some of the Helpers also contribute their share directly or indirectly to the admission of indifferent lives; ~~xxxxx~~ e.g., I recently reported the case of a Helper at Chitaldrug who has obtained proposals for six young female lives in all of which he has given the same date of birth. We have, however, the safety of medical examination by the staff of the State Medical Department and also of the further scrutiny of Medical Examination reports by the Head of the Medical Department. In any case, I think it is desirable to have this Branch of the Insurance business subjected to Actuarial ~~xxxx~~ examination once in 3 years instead of once in 5 years ~~for a decade or so~~. I shall have this matter also brought up for consideration by the Insurance Committee and the result reported to Government.

Family Pension Insurance Fund.- The report received about this Fund is practically final. Mr. King states that this Fund is working at a loss and is bound to become insolvent. We were not unprepared to receive this verdict. We have had our

NOTE—Contn. sheet.

our very strong suspicions that the Fund was not working satisfactorily and we placed all the material bearing on this point before the Actuary. The Fund is not at all popular and its membership is extremely small, the present number of subscribers being only 11. In the year 1917, two important changes were introduced: (1) limitation of the period for payment of premia up to the date of superannuation instead of for life as formerly; and (2) refund of half the premia paid in the event of death of Nominee. Mr. King condemns both these innovations and states that it is hardly likely that they could have had Actuarial sanction. The alterations were made on the advise of the Actuaries, Messrs Auckland and Bacc

Whatever the causes responsible for the presen condition of the Fund, it is unnecessary to investigate them now. Even if it were actuarially perfect the fact that it is not at all popular and that ther are less than a dozen subscribers should be sufficient to close it for new entrants. Mr. King actually recommends this step and as stated in para 5 of his letter, the closing of the Fund may entail some additional expenditure on Government in having to pay pensions to beneficiaries when the amount at the credit of the Fund proves insufficient for this purpose. The liability, however, will be a

G. R. S. III-2]

General and Revenue Secretariat.

Gr. I. File No. 54 of 1924.

Serial No.

a very small one -- a hundred rupees or thereabout a month -- for life in a few cases and for specified terms in the case of the rest -- and this is not a matter for much concern. The formal recommendation of the Insurance Committee will be awaited in regard to the closing of this Fund.

The above facts are reported for information pending receipt of specific recommendations by the Insurance Committee.

DEWAN'S OFFICE,
RECD. on 16. JUL. 1924
Reg. No. 418

DEWAN.) Leg. The recommendation will be awaited

15/7/24

22/7/24

23/7

1. Letter No 3105 dt 29.8.24 from the Secretary, Insurance Committee submitting in advance copies of Mr. George King's Actuarial Report on the Official, Public & Family pension Branches of Life Insurance & states that the opinion of the Insurance Committee on the reports, which are under circulation to the members will be communicated in due course.

NOTE—Contn. sheet.

G. R. S. III 2]

WD 2310—GPB—10,000—31-5-24

General and Revenue Secretariat.

G. I: File No. 5-H of 19 22.

Serial No.

Mr. King had sent a preliminary Report on 1-4-22 (A) & has now sent the final one.

The Salient features of the report including Remarks & Suggestions are the following:—

Official Branch Insurance.

(1) Increased Mortality experience of the Quinquennium under Valuation, as against the very favourable rate during the one previous to it, the deceleration being largely due to the terrible epidemic of 1918 & 1919.

(2) Increase of Claims matured by 30% — a Concomitant of the increased mortality — affecting the Valuation detrimentally and resulting in the diminution of the Surplus, which would otherwise have been available for distribution. A hopeful tone of brighter position in future is struck.

(3) The Suggestion to make the

NOTE—Contn. sheet.

Serial No.

Medical examination of female proposers & the investigation of their age Certificates more thorough is Commended. (An effective beginning has already been made in this direction).

(4) The Surplus disclosed by the valuation on the assumption of the effective rate of interest (2½) 3% on the invested balances of the Fund is Rs 6,83,933. This deducted from the undivided Surplus of the last Valuation viz. Rs 1,74,626, Comes to 5,09,307. Though Declaration of a bonus of 1·125 per Cent is Clearly practicable, with this surplus 1% is Recommended, as a desirable Safeguard, having regard to the results of the present Valuation pointing to the necessity of Maintaining a reserve for Contingencies.

(5) For the Current Quinquennium (from 1923) declaration of an interim bonus of 1%

Turn to page 9.

Serial No.

is recommended.

Public Branch Remark.

(1) A deficiency of Rs 13,262 is reported.

(2) Excessive mortality

(3) The following suggestions are offered:-

Endowment. Children's endowment policies. Great care is to be taken to see before a policy is granted, that the parent or guardian is a thoroughly good life, by a very strict medical examination.

Women should not be admitted for whole life policies, but they may be accepted for Endowment Assurance and also as a parent or guardian for Children's Endowment assurance but too after a careful medical Examination. In accepting a certain fixed age for females, 5 years should be added to premium payable calculated accordingly.

(4) Considerable increase in business is noticed, but financial result is one of deficiency, which need not be viewed with alarm.

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 19.

Serial No.

Considering the heavy mortality.
the position is susceptible of
an improvement.

* Para 10 & 13 pg 6.

(5) In regard to acceptance of hazardous lives in the Electrical Dept Permission should be given only to take out only Endowment Assurance policies, maturing not later than 55 years, & not whole life ones, whether in the District Office Branch.

* Para 14 pg 6.

As regards the annuities on Military, they do not apply here, under ordinary circumstances.
A suggestion is offered as to whether issuance may not be restricted only to 'Officers' of the Military Depts.

** Para 15 pg 7

(6) Direct Control is wanted on in General, in admitting persons following hazardous occupations into the Elec & Hydel Depts as Public Ser. Assurance is one peculiar in its nature, when Conducted

* Para 16 pg 7

(7) Regarding Revision of the rates

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

G.C. File No. 5 of 19 24

Serial No.

criteria for this information is said to be awaited. and it is recommended to approximate the rates to those of the Provident Company.

Family Pension.

Provident Fund contribution is recommended.

The Fin. Committee opinion may be awaited. In the meanwhile, this may perhaps be submitted to the Viceroy for information, in continuation of the Secy's note of 18.7.24 on Pensions Fund.

(Sd) H.G. 4/9/24

(Sd) H.G. 4/9/24 (The Secy)

We may await the recommendations of the Committee. Meanwhile

(Sd) H.G. 11/9

Sus with reports paras 3 of the P.W.D.

From The Secy Rusa committee

No 3893 dated 13th Sept 1924

In continuation of Sl 1 forwards report of the Actuary regarding the family pension together with the opinion of the committee and requests orders on the matter of non admission of any new entrants to the Scheme.

NOTE—Contn. sheet.

1029/25

G. R. S. 111-2]

General and Revenue Secretariat.

GJ File No. 54 of 19 24

Serial No.

The Secy Sussex Committee has forwarded the Actuary's Report on the Family Pension Branch together with the opinion of the Insurance Committee thereon. The members are unanimously of opinion that the Family Pension Branch should be discontinued as recommended by the Actuary and orders of Govt are solicited on that point.

The Committee's opinion on the other reports is yet awaited.

Please prepare draft order approving of Committee's recommendation in regard to Family Pension Branch

Subd
mcn
16.9.24

mcn
7/9/24

Subd with draft
mcn
(17.9.24)

(H Singh)

mcn
18/9/24

The closing of the Family Pension Branch is mere routine requiring the approval of the Govt. The case may be ordered to be circulated to Council.

mcn
18/9/24

Dewan)

My recommendation

4/3.11

The Chief Secy (Complete)

Circulate with

6/11/24

DEWAN'S OFFICE,
RECD. ON 1 OCT 1924
Reg. No. 2638

NOTE—Contn. sheet.

(For Disposal at a Meeting)

No. C. 144

of 1924-25

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause xii of the schedule)

Closing of the Family Pension Branch of the State Life Insurance to new entrants.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

6th November 1924.

Extraordinary Member of Council.

3723 7/11/24 First Member of Council. 17/11

452 18.11 Second Member of Council. 18/11/24

Third Member of Council.

C.144

G. R. S. III-2]

WD 2310—GPB—10,000—31-5-24

General and Revenue Secretariat. | 47 File No. 54 of 19 24

Serial No.

I agree to the proposal for the abolition of the Family Pensions Branch of the Bijawar State Gratuity Insurance Scheme.

With regard to the Public Branch of the State Insurance, in view of the difficulties connected with the question of the Lac cesses and the Actuary, it is a point for consideration if the Branch cannot be also closed. I have always thought that it was no use for the Govt. to practically compete with them by opening a Public Branch for their Gratuity Insurance Scheme. I found that my views in supporting a way to the Govt. Actuary who in his report, say, that "it is always difficult for a Govt. to work such an Insurance Scheme as the Public Branch";

18/11/24

NOTE.—Contn. sheet.

1069

C44

Extract from the Proceedings of the 717th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 20th November 1924. *19*

95. Subject.- Clause xii of the Schedule.

Closing of the Family Pension Branch of the State Life Insurance to new entrants.

OPINION OF THE COUNCIL.

A **The Family Pension Branch may be closed to new entrants.**

(Signed) A. R. BANERJI,

Dewan of Mysore.

Note.-

B In view of the unfavourable remarks of the Actuary about the conditions of the Public Branch, a detailed report may be called for from the Committee.

...

DIWAN'S OFFICE
Received 24 1924
3971

"EXTRACT"

Chief Secretary to Government.

Financial Secretary
with Compliments
24/11/24

Please put up Draft A and Draft to Insurance Secy re B

WD 1471—GPB—2,000—1-8-21

Today
29/11/24 Done Draft-to Insurance Secy 29.11.24

Dewan 29.11.24

D.S. 24/11/24

21-11-24

26/11/24

Submitted to His Highness.

In working the Family Pension Fund of the State Life Insurance Scheme, it was observed that it was not as popular as it was expected, the number of present subscribers is less than a dozen, and that the net income of the fund was not sufficient to leave a margin to meet its liabilities. It was therefore considered necessary to obtain the opinion of our Consulting Actuary, Mr. George King to whom the valuation of the Mysore State Life Insurance Fund for the quinquennium ended 30th. June 1923 was entrusted under Government order No.F1.529/G.F.83-22 dated 20th January 1923. The opinion furnished by Mr. King is contained in his report dated 1st. April 1924. Mr. King feels "very sure that the rates are quite inadequate and that working upon them the fund must result in loss", and he therefore recommends that it may be closed to new entrants.

2. The Insurance Committee agrees that the Family Pension Scheme should be discontinued as recommended by the Actuary and has applied for Government sanction to give effect to the recommendation. The matter was considered in Council at the meeting held on 20th November 1924 and it was resolved that the Family Pension Branch may be closed to new entrants.

3. I solicit the gracious approval of His Highness to the Council Resolution.

Bangalore,
1st. December, 1924.

N.W.

STATEMENT OF CASES SUBMITTED FOR THE ORDERS OF HIS HIGHNESS THE MAHARAJA DURING THE TOUR OUTSIDE THE STATE IN...December 1924.....

Serial No.	Subject	Recommendation of Council, or Member of Government in charge, as the case may be	Dewan's recommendation	Orders of His Highness	Orders regarding submission of files (*vide* foot-note)
278	Proposal to close to new entrants the Family Pension Branch of the State Life Insurance Scheme.	...	...	365 Approved & Hd. M 7.12.24 Hd. 10 DEC 1924	

NOTE.—The letter a, b or c may kindly be inserted by the Private Secretary to His Highness in the last column to indicate whether—

File may be submitted at once ... ... a
File may be submitted after His Highness' return ... ... b
File may not be submitted at all c

WD 2272—GPB—500—5-3-20

G. R. S. III-2]

C 144

General and Revenue Secretariat. | File No. | of 192.

Serial No.

Proposal to close to new entrants the Family Pension Branch of the State Life Insurance Scheme.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of His Highness' orders $\frac{\text{before}}{\text{after}}$ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Govt.

Through the Secretary to Government,

.....Department.

FIRST MEMBER OF COUNCIL.

SECOND MEMBER OF COUNCIL.

THIRD MEMBER OF COUNCIL.

Financial Secy, with Comps

17.12. Urgent

Accountant

draft

NOTE—Contn. sheet.

Mono WD 1335—GPB—500—16-1-23.

Revenue – Secretariat.

File No. 54 of 19 24

Serial No.	
	Draft G.O. is put up for approval. Orders have issued to issue before 25th inst. 18/12/24 18/12/24
	Some letters to be published in Gazette also. 19.12.24 19/12
4.	To Commissioner 1600 q/wrapper Des q/W/S Sc. Dist. Concl. Mrge. 3331-Sec.D: 19/12/24
	Duels the closure of the Travelly Pension Quarter.
7.	From the Secy State Life Insurance Committee No 9039 dt 23/12/24. Forwards the Resolution note regarding certain items of the Report.
B.	

NOTE—Contn. Sheet

Copy of letter dated 5th June 1924, received from Mr.George King, F.I.A.,F.F.A., Consulting Actuary, London.

STATE BRANCH.

I have the honor to acknowledge receipt of your letter of 15th May, and as soon as xh may be I will send in my final report. I note that you will not submit to the Government the question of the bonus to be declared until you have that official report, and I am rather sorry, because I should have liked that question settled before sitting down to write the exx report. However, I shall act according to your wishes.

There is one thing that will cause a little delay. The mortality experience of the State Branch has to be readjusted on account of the rather considerable number of policies which had become claims during the quinquennium, but of which you had not received notice of claim at the time you sent me the cards. This involves a good deal of trouble, and the rate of mortality shown in the State Branch will be increased, but I hope not to any very great extent.

I am very much interested in the Mortality Table, of which you have sent me brief particulars, prepared by Mr.H.M.Cook from the Census of1921. I have not yet had time to study this.

Would it be possible for you to let me have the census figures on which Mr.Cook based his calculations, and would it be possible for him to let me have in a littlemore detail his method of procedure. The construction of mortality tables is a very technical process, and requires considerable skill, but presumably Mr.Cook had made himself familiar with theliterature. Methods of course have to be varied according to circumstances, and only one of experience can be trusted to make the variations. For many years I myself have given a great deal of study xfx to this matter, and my methods of constructing tables from census returns are now being adopted all over the world. The best account of my methods is given in my reportto the Registrar General on the National Tables for England and Wales which I constructed, based upon the

upon the Census of 1911. That was published as the Supplement to the ~~7th~~ 75th Annual Report of the Registrar General, Part I Life Tables, in 1914. The report is now very scarce, and I am afraid it is out of print, and I very much regret that I have not a copy that I can send you, but possibly the Mysore Government could get by diplomatic methods from our own Registrar General a special copy, as the Registrar General would be more likely to attend to any applications of that kind from a Government than from a ~~xxx~~ private individual. The reference number of this report is Cd.7512.

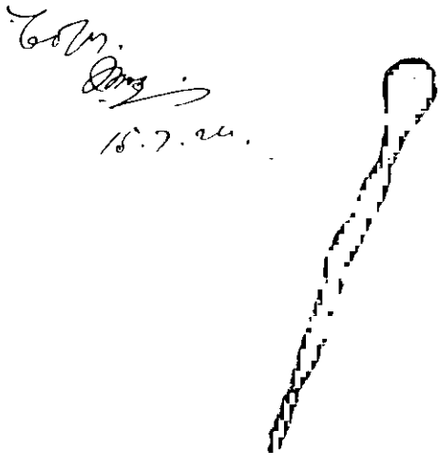
I wonder how the ages are given in respect of those enumerat in your census. Can Mr. Cook throw any light upon this subject, and can he say whether the ages given can be trusted? Here of course we are much more strict in the matter of the ages of the population, but, all the same, we find that the ages are often very much exaggerated in advanced life, and, especially among women, und stated in earlier life.

Letter No. 12668 dated 15th May 1924 addressed to Mr. George King F.I.A.,F.F.A., Consulting Actuary, London.

I have the honor to acknowledge with thanks the receipt of your letter dated 16th April 24, regarding the State Branch and to state that your recommendation to pay either a bonus of 1 per cent or 1.1/8 per cent will be sent up to Government with the opinion of the Committee after the receipt of your official report. Meanwhile I may tell you that it is not likely that Government will go beyond your recommendation to pay bonus of 1 per cent.

As regards the cards, you may return them when no longer required.

A letter has just been received from one Mr. H.M. Cook giving certain tables of mortality worked out by him on the basis of the Mysore Census figures and as it may interest you, I am sending herewith a copy of the same for your information.



No.5622/One file.

Office of the Secretary,
Mysore State Life Insurance Committee,
Bangalore, 22nd December 1916.

From

M. N. Krishna Rao, Esq., B.A.,
Secretary, Mysore State Life Insurance Committee,
Bangalore.

To

Rajamantrapravina Diwan Bahadur
J.S.Chakravarti, Esq., M.A., F.R.A.S., etc.,
Financial Secretary to the Govt. of H. H.
the Maharaja of Mysore, Bangalore.

Sir,

Adverting to G.O.No.6.405-6/B.21-14-2 dated 8/5/1915,and in continuation of my letter No.6012 dated 1/12/1916,I have the honor to submit herewith the 2 fresh tables of rates of monthly subscriptions for the Family Pension Branch furnished by Mr.Bacon and the late Mr.Ackland, Actuaries, with all connected papers for reference and I request you to be so good as to obtain,at an early date, orders of Govt. sanctioning the adoption of these fresh tables of rates in the place of those attached to the Rules for the Family pension Branch, sanctioned in G.O.No.Fl.4906-B.33.09.6 dated 18/3/1911, subject to the condition that the minimum calendar monthly subscription under Table 1 is not less than 12 annas for a monthly pension of Rs.5/-

2. The 2 tables now submitted have been approved by the - - Insurance Committee. The basis upon which they have been constructed are fully explained in the Actuary's Report dated 11th Feb. 1916 flagged A among the papers submitted for reference.

3. There are at present 9 subscribers in the Family Pension Branch who have been subscribing at the old rates. These few subscribers may be allowed the option to subscribe either at the new or the old rates from the month succeeding that in whic the adoption of the new rates is sanctioned.

4. The file of papers herewith submitted may be kindly returned when no longer required.

I have the honor to be,
Sir,
Your most obedient servant,

(Sd.) M.N.Krishna Rao,
Secretary.

----:0:----
"COPY"

Clear Draft.

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File No.143

Serial No.4

Proceedings of the Govt. of H. H. the Maharaja of Mysore.

Read:--

Correspondence ending with letter No.5622, dated 26/12/1916 from the Secretary, Insurance - Committee soliciting sanction to the adoption of 2 fresh tables of rates of monthly subscriptions for the Family Pension Branch furnished by Mr. Bacon and the late Mr. Auckland, Actuaries, in the place of those sanctioned in G.O.No.Fl.4906/B.33-09-6 dated 18/3/1911, subject to the condition that the minmum calander monthly pension of Rs.5/- and recommending that the present subscribers to the Fund may be allowed the option to subscribe either at the new or the old rates, from the month succeedingx that in which the new rates is brought into force.

ORDER THEREON, No.Fl.6042-90, dated 11th April 1917.

The proposals approved by the Insurance Committee are sanctioned.

For Financial Secretary.

May this be printed?

Yes.

Returning Enclosures given to Mr. P.Iyer, 14/4.

To

The Secretary, Insurance Committee.
" Comptroller.
" Heads of Departments and Commissioners of Districts.

15/7/pm

12225

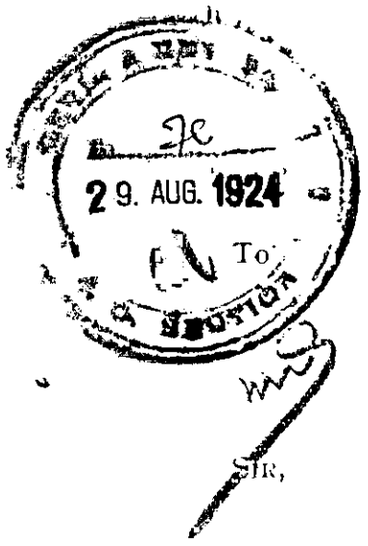
G.734-M-1 D.844

No. 3105 Files 21

OFFICE OF THE SECRETARY,
MYSORE STATE LIFE INSURANCE COMMITTEE,
Bangalore, dated 28th August 1924.

From

T. SATYARAJ CHETTY, ESQ., B.A.,
Secretary, Mysore State Life Insurance Committee,
Bangalore.



To

Rajakarayaparasaktha
M. N. Krishna Rao, Esq., B.A.,
Financial Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

SIR,

I have the honour to state that Mr. George King, Consulting Actuary, London, who was appointed to value the Mysore State Life Insurance.Fund in Government Order No.Fl. 529/G.F.83-22, dated the 20th January 1923 has now sent his reports on the Official, Public and Family Pension Branches.

All the reports are being circulated among the members of the Insurance Committee for their opinion.

The opinion of the Committee on the reports will be sent to Government in due course.

In the meanwhile, advance copies of the reports are herewith submitted for the information of Government.

I have the honour to be,

Sir,

Your most obedient servant,

T. Satyaraj Chetty

Secretary,
Insurance Committee.

2.

G[illegible]E KING, F.I.A., F.F.A.,
CONSULTING ACTUARY.
15, Walbrook,
London, 15th July 1924.

The Mysore State Life Insurance
Committee, Bangalore.

Gentlemen, STATE BRANCH.

1. I had the honour of being invited to make the quinquennial investigation into the condition of your Fund as on 30th June 1923, the investigation to be in two parts, namely, first, as regards the mortality experience, and second, as regards the valuation made to ascertain the financial position of the Fund; and it now falls to me to submit to you my formal report.

2. I have been in correspondence with Bangalore all the time that the investigation was in progress, and numerous letters passed with the view to making the information which was required absolutely authentic, and this has taken a considerable time, but I think now that everything is in perfect order. I have also in letters told you the results of the investigation, so that you have had the matter completely before you, and the object of this formal report is to bring everything together, and in such a way as to be useful for future reference.

Mortality Experience.

3. In my report of 4th November 1919, to which I beg leave to refer ycu, I went into great detail in explaining the mortality experience investigation which I had made up to 30th June 1918. The experience, in respect of male lives, was then divided into two parts, namely, first part, for the period from the commencement of the Fund in December 1891 down to 30th June 1912 and the second part, for the six years from 30th June 1912 to 30th June 1918. That was taken out in what Actuaries call Select Form, namely, for each of the first five years of the duration of contracts, that is for the first year after the lives assured

passed medical examination, and then the second, third, fourth, and fifth, year; and, lastly, for all durations of contracts after they have been in force for five years; the objects of this select form being to see what is the effect of the medical examination undergone by the lives at the time the contracts are granted. This sub-division was carried out for both the periods above mentioned, namely, from the start of the Fund to 30th June 1912, and again from 30th June 1912 to 30th June 1918, and in the tables appended to the report elaborate details were furnished.

4. Exactly the same system has been followed on the present occasion, but the investigation has been limited to the period of five years from 30th June 1918 to 30th June 1923, and, as regards male lives, the details are given in Tables I (a) to I (f) appended. Seeing that such full explanations as to methods were furnished in my report of 4th November 1919, and that these have not been altered, I need not trouble you with repetitions, and it is necessary only to explain the results. There is, however, one difference. Five years ago I separated the deaths from plague from the deaths from other causes, but that could not be done on the present occasion, because the entries on the cards as to the causes of death were more or less incomplete, and we could not ascertain with accuracy the total number of plague deaths.

5. That the graduation of the Tables is satisfactory will be seen from the following comparison of the Actual Claims with those claims to be Expected by the graduated tables;--

Comparison of the Actual Claims amongst Males, with the Graduated Expected Claims.

Year of Risk.	Actual Claims.	Graduated Expected Claims.
0 to 1	57	58.6
1 " 2	68	62.6
2 " 3	73	71.4
3 " 4	63	71.0
4 " 5	71	68.0
Total for the Five Select Years.	332	331.6.

Year of Risk.	Actual Claims.	Graduated Expected Claims.
Total for the Five Select Years.	332	331.6
All Durations after Five Years.	1162	1161.5
Grand Total...	1494	1493.1.

6. Of course with meagre data the ungraduated results are rough, and more particularly when we pass across the table from one select year to the next, but, taking all the five select years, there were 332 actual deaths against 331.6 expected, and for the grand total, 1494 actual deaths against 1493.1 expected, so that, in the select period, the expected deaths agreed almost exactly with the actual, and similarly for the grand total. It was found that selection during the last quinquennium had not the same effect as during the previous period, and that is not to be wondered at, because deaths from influenza cannot be shut out by medical examination.

7. My former investigation showed that the mortality experience of your Fund had up to that date been extremely favorable, but unfortunately there has been a great change for the worse, and on the present occasion I have to report a heavy mortality. During the two years from 30th June 1918 to 30th June 1920 you had terrible epidemics of influenza, which were very destructive of life. Dealing with male lives first, in the year ending 30th June 1919, 226 of the lives assured, died, and of these no less than 116, or more than half, were due to influenza, and, similarly, in the next year, ending 30th June 1920, there were 206 deaths, of which 64 were due to influenza. The remaining three years of the quinquennium were nearly normal, there having been during these years 387 deaths, of which 41 were due to influenza. These two unfortunate years, however, spoiled the mortality experience of the whole quinquennium, and to a very serious extent, as the following figures show. So far in this

paragraph I have spoken of lives assured, and not taken account of the fact that many of them are assured by more than one policy. Now, however, I treat of the number of policies that have become claims. I have taken the rates of mortality of five years ago, and ascertained what claims would have occurred during the five years ending 30th June 1923 had the mortality been the same during these years as it was then. They are as follows:

Year of Assurance.	Actual Claims during the past quinquennium.	Claims that would have occurred had the experience -- followed that of 1918.
0 - 1	57	42
1 - 2	68	42
2 - 3	73	48
3 - 4	63	49
4 - 5	71	49
Total Select Period.	332	230
5 Years & Over.	1162	901
Grand Total.	1494	1131

8. It will be seen that, taking the whole of the 5 years under review, the claims that would have occurred had the experience followed that of 1918 were 1131, while the actual claims were 1494, showing an increase of just over 30 per cent. This of course has a detrimental effect upon the valuation, and has considerably diminished the surplus which otherwise would have been available for distribution. I think, however, we may hope with some confidence for a great improvement, as it is not likely that epidemics of influenza will be of frequent occurrence.

9. The appended Tables I (a) to I (f) are in the same form as those of five years ago, and consequently the former experiences can be amalgamated with the present experience, so as to give the total experience of the Fund over a long period of years.

10. Passing now to the mortality among the females, that again could be taken out only in the aggregate, as the experience is too small to justify investigating the effects of selection.

Only 467 policies had been issued on the lives of females from the commencement of the Fund in December 1891 to 30th June 1918, but 290 policies were issued during the five years ending 30th June 1923. Thus, the policies on female lives have been rapidly increasing in number.

11. It was shown in my report of the 4th November 1919 that fromthe commencement of the Fund up to 30th June 1918 the mortality among females had been light as compared with males, only 28 policies on the lives of females having fallen in by death up to that date, whereas by male mortality there should have been 38.9. The contrary, however, was the case during the five years ending 30th June 1923, in that period 46 policies on the lives of females having fallen in by death, whereas according to male mortality there should have been only 30.3. Of the 46 claims, 15 were entered as being due to influenza, but no doubt there were a good many more, it having been found that the particulars on the cards as to the causes of death could not be entirely - trusted; but, even allowing for this, it is evidence that the mortality among females from general causes was much heavier than it had been previously. Taking the average for all ages combined, the rate of mortality among females from the commencement of the Fund to 30th June 1923 it was 1.957%, or 2.6 times to 30/6/1918 was 0.758%, whereas during the five years the rate of the former period. If we omit the 15 claims in the last five years attributed to influenza, the average rate of mortality was still 1.318%, or 1.7 times the average rate of the former period. It might be worth while looking into this matter, and seeing that medical examination among the females is made very thorough. There may have been some laxity, and, if so, that should be put right. Also, the question arises in my mind whether the ages of females are taken as accurately as males. All these points should be looked into.

12. In Table II appended particulars are given regarding the contracts on the lives of females which were in existence at any time from 30th June 1918 to 30th June 1923, and at the foot of the Table you will see that there were actually 46 claims,

whereas if the male mortality of the same period had prevailed, there would have been only 30.3.

VALUATION.

13. The actuarial valuation of your Fund, to ascertain its financial position, has been conducted on exactly the same lines as on the last preceeding occasion, and I would refer you to my report of 29th January 1920, where everything is set out in very full detail. It is therefore unnecessary to repeat all the explanations therein given, and I need touch only upon a few special points that have arisen.

14. The table of mortality used in the valuation is that known as the British Offices O.M.2(5) Table, that is, the table based upon the experience of male lives assured in Birtish Offices for five years or more, but in order to allow for the higher mortality that prevails in Mysore as compared with the United Kingdom, an addition of three years has been made to the age.

15. The rate of interest employed has again been assumed at 3% although during the whole of the quinquennium just closed the Government were allowing 4% on the funds. It must, however, be observed that although the Government allow 4%, the actual effective rate of interest is less, because there are various uninvested balances which form part of the funds, and which do not carry interest. The actual rate of interest realised on the funds during each of the five years was as follows:--

Year ending.	Effective Rate of Interest.
30 June 1919	3.522%
30 June 1920	3.559%
30 June 1921	3.636%
30 June 1922	3.598%
30 June 1923	3.621%

It would thus appear that the effective rate throughout the quinquennium was a little more than 3½%, but, all the same, I have adhered to 3% in the valuation, so as to leave a margin in the rate of interest for future profits. The reasons for taking this step are set forth in Par. 8 of my report of 29th January 1920.

16. The valuation factors used, based upon mortality and interest

interest as above explained, are given in Table I of my report of 29th January 1920, and in Table II it is shown what these factors would have been had the experience of the Fund itself been employed, of course without any addition to the age. It will be seen that the two sets of factors are almost identical.

17. In the Ordinary Balance Sheet reserve is made for outstanding maturities, outstanding claims, and outstanding surrenders, as well, of course, for other outstanding debts, but outstanding bonuses have not been included. Moreover, there were 34 policies which had become claims by deaths previous to 30th June 1923, but in respect of which the deaths were not announced until subsequently, and these are not included in the Ordinary Balance sheet. The amount of these is Rs.27,134, and in the Valuation Balance Sheet the necessary reserve has been included, as well as that for the outstanding bonuses. The following is the Valuation Balance Sheet, and it shows a surplus on the valuation date of Rs.6,83,933:--

Valuation Balance Sheet
as on 30th June 1923.

ASSETS.	Rs.	Rs.
Insurance Fund as per Balance Sheet.	58,22,953	
Value of Future Net premiums on Existing Policies.	66,39,303	
Total Assets		124,62,256
LIABILITIES.		
Value of Sums Assured and Bonuses under Existing Policies.	117,30,388	
34 Death claims not included in the Ordinary Balance Sheet--	27,134	
Value of Outstanding Bonuses on Maturities.	4,663	
Value of Outstanding Bonuses on Death Claims.	10,138	
Value of Outstanding bonuses on Surrenders.	1,000	
Special Reserve in respect of Policies coming under Rules 10 & 26.	5,000	
Total Liabilities.....		117,78,323
Surplus.		6,83,933

18. As shown above, the surplus disclosed by the valuation was Rs.6,83,933

There was brought forward from the last preceding valuation an undivided surplus of... 1,74,626

Therefore the surplus actually earned during the quinquennium was 5,09,307

and I think that that is the largest amount that should now be treated as available for bonus, because I think it would be unwise to divide any of the surplus that had been carried forward from five years ago.

19. In order to pay a bonus of 1% on the sum assured under all the policies existing on 30th June 1923 for each year during which the respective policies had been in force throughout the quinquennium, the sum of Rs.4,53,724 is required, and if that bonus be declared, there would fall to be carried forward to the current quinquennium. x the sum of Rs.2,30,209, so that, by declaring a bonus of one per cent. per annum, the whole of the surplus earned in the quinquennium would not be distributed. If the bonus be made one and one-eighth (1.125) per cent. per annum, instead of one per cent, the cost thereof would be Rs.5,10,439, and if this slightly increased bonus be declared, the amount to be carried forward would be Rs.1,73,494, or a mere trifle less than the amount which was brought forward. Therefore I think it would be quite safe to pay a bonus at the rate of 1.125 per cent. per annum, and no doubt you can easily calculate the bonuses by that fractional proportion. I may add, however, that I think on the whole it would be wiser to limit the bonus on the present occasion to one per cent per annum, as the results of the present valuation show that it is desirable to maintain a reserve for contingencies. It is, however, for the Government to decide exactly what should be done in this matter.

P.T.O.

20. During the current quinquennium an interim bonus may I think be declared at the rate of one per cent. per x annum on the original sum assured in respect of each policy that becomes a claim, or matures, or is surrendered, during the quinquennium, and I recommend that this course should be adopted.

I remain, Gentlemen,

Your obedient servant,

(SIGNED) GEORGE KING.

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"TRUE COPY"

29.8.24

Deputy Secretary.

SV/9/8
4 copies.

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P.T.O.

George King, F.I.A., F.F.A.,
Consulting Actuary.

15, Walbrook,
LONDON, 1st April 1924.

***

T. Satyaraj Chetty, Esqr., B.A.,
Mysore State Life Insurance Committee,
BANGALORE.

Sir,.

FAMILY PENSION BRANCH.

1. I have been studying carefully the constitution and position of the Family Pension Branch of your State Life Insurance Scheme, but I find the question to be very difficult, the information before me being meagre. Although this Branch has been in existence for a long time, this is the first occasion on which it has been referred to me. I have the Annual Reports, and I have certain papers called Index Sheets, and these it is not easy to reconcile with each other. I gather, however, that since the commencement of this Branch only 19 members have entered, and of these, 12 remained members on 30th June 1923, having nominated 19 dependants. 3 members lapsed their contracts by failure to pay contributions, 2 members died leaving beneficiaries to take annuities, and in the case of 2 members the nominees either died, or their annuities ceased through the attainment of the limiting age.

2. The first tables of rates were adopted on 18th March 1911, and they gave rates of contribution for two kinds of reversionary annuities, namely, Table 1, for the annuity to run for the whole of the life of the nominee after the death of the member, and the contributions to be payable during the whole of the joint lives of the member and the nominee, and Table 2, for the annuity to run up to a given age of the nominee after the death of the member, and contributions to be payable during the joint lives of the member and the nominee until the nominee should attain the given age. I do not know on what basis of mortality and interest these tables were calculated, and I should require full information on this point.

From the appearance of the tables I should say that they had actuarial sanction, but I myself have no statistcs of mortality in the State of Mysore for female lives, or for young male lives. Theoretically the scheme could be actuarially worked under these old tables, as no complicated mathematical formulas were involved, and if a competent Actuary prepared the tables, then I have no doubt a Fund working under them would be sound.

3. The old tables mentioned in Par. 2 above were superceded on 11th April 1917 by a new set of tables, also of the two kinds, providing for annuities for the whole of the life of the nominee after the death of the member, and for annuities up to a given age of the nominee after the death of the member; but two vital changes were brought into these new tables. In the first place, under no circumstances are contributions to be payable by the member after the attainment of age 55, and, in the second place, half the contributions paid are to be returned in the event of the nominee dying before the member. These changes make it impossible actuarially to value the Fund, although in theory of course a valuation of some kind could be made. It would, however, be necessary to prepare at very heavy cost a gigantic set of tables upon a suitable mortality table for proper rates to be calculated, and for a valuation to be made, and, even if the Fund were a very large one, the cost of preparing such tables, and of using them in a valuation, would be practically prohibitive. The main difficulty would be the provision for a return of contributions, and I think you can see that that in itself is an unsound arrangement. The return is to be made after the risk has been incurred, and it does not leave sufficientprovision for the risk. To take a very simple example of this, you can see that in the case of fire insurance it would be impossible for the Company to promise to return the fire premium paid if during the year no claim had been made. That would mean necessarily that the Company would have to charge a premium equal to the whole sum at risk, or otherwise there would be no provision for losses, Although the new tables

were adopted so recently as April 1917, I was not consulted, and at that time I was acting as your Actuary. Did they have actuarial sanction, and, if so, it would be interesting to know who was the Actuary who advised you to adopt them. I cannot believe that any Actuary or real knowledge and experience could have taken that step. I have no means of testing the tables of rates, but I feel very sure that the rates are quite inadequate and that working upon them the Fund must result in loss, and must become insolvent.

4. I give you my opinion quite frankly above, and I think you yourselves must have something of the same idea in your minds, because in the Annual Report on the working of the Mysore State Life Insurance Scheme for the year ending 30th June 1922 on page 2, paragraph IX (5) reads as follows:--

"The Actuary will be asked to value the certificates in this branch as it would stand on 30th June 1923 and the question of continuing this branch will be decided after receipt of a report from the Actuary, taking into consideration that it has not been as popular as was expected and that the net income does not leave a sufficient margin to meet future liabilities."

5. In accordance with the suggestion in the paragraph quoted above from your own Annual Report, I therefore recommend that the Family Pension Branch be discontinued. I do not think that at the moment you can wind it up at once, but it should be closed to new entrants, and in the course of a few years the contracts of the present 12 members will go out of force. Some will probably lapse their policies, and in the case of others the nominees will die or reach the limiting age, but possibly some of the present members may die leaving beneficiaries, and it would be necessary for the Fund to be continued to pay the present existing beneficiaries until their benefits cease, and to benefits to others who may hereafter become beneficiaries. Gradually, however, the Fund would become extinct. I fear it will result in a loss to the Mysore Government, who will have

to supplement the Fund with special payments from time to time, but, in view of the fortunate smallness of the membership, that loss will never be serious. The constitution of the Fund being so complicated, I do not see how in justice to the present beneficiaries, and to the present members, and possible future beneficiaries, a division of the funds can be made to make it possible to wind up the Fund promptly.

I remain, Sir,

Your obedient servant,

(Sd.) George King.

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"TRUE COPY"

Deputy Secretary. 29.9.24

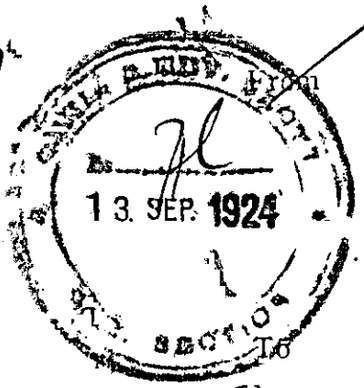
SV.

14634

9-7-14-14-29. 1029

OFFICE OF THE SECRETARY,
MYSORE STATE LIFE INSURANCE COMMITTEE,
Bangalore, dated 13th September 1924.

No 3893 Files 5.



T. SATYARAJ CHETTY, Esq., B.A.,
Secretary, Mysore State Life Insurance Committee,
Bangalore.

To

Rajakaryaprasakta M.N.Krishna Rao, Esq., B.A.,
Financial Secretary to the Government of His
Highness the Maharaja of Mysore, Bangalore.

SIR;

In continuation of this office No.3805 dated 29/8/24, submitting advance copies of the Actuary's report on the Family Pension Fund, etc., I have the honor to forward herewith the report of the Actuary regarding the Family Pension together with the opinion of the Committee and request the favour of orders of Government in the matter of non-admission of any fresh entrants to the scheme.

I have the honor to be,
S i r,
Your most obedient servant,

T. Satyaraj Chetty
Secretary, I.C.

CRN.

B. & C. P. Bangalore 17-9-19.

App. F. XI—4]

File No. FD 33 P/D 59 Serial No. ..... Sus. Regr. No 115

Shall a reminder issue to ..... for a reply to this Office No. , dated the

Subject: Loss under the family pension scheme.

WD 0129—GPB—10,000—6-8-45

Orders	Reminder No.	Date	Remarks

G. R. S. VI–G-32]

B50—WD 0527

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat

( )

, the 192

Date of issue 27/12/24

Signed by

Confidential.

Section G-6

File No. 54-24

Serial No.

No. H 2952

To The Secy.

Govt Commr Chn.

Sir,

With ref. to your letter no 3105 J 29. 8. 24 forwarding advance copies of the Actuarial Report on the 3 branches of the Hyd. Govt, I am directed by the Govt of Hyderabad to say that the Govt desire to have from the Hyd. Govt Commr Chn be requested to make up a detailed Report on the Public Branch in view of the unfavourable remarks of the Actuary about the Condition of that Branch. The matter may be treated as urgent and placed before the next Meeting of the Board over 29-11-24

Govt Sec

Secy

27/12/24

G.R..S VI G 34]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

Section 4

File No. 54/24

Serial No. 4

General and Revenue Secretariat

( )

, *the* 192

Proceedings of the Government of His Highness the Maharaja of Mysore.

Date of issue 19.12.24

Signed by M. A. Ryachen

Read— correspondence ending with letter No 3893 dated 13th Sept 1924 from the Secretary to the Mysore State life Insurance Committee forwarding the report of the Actuary Mr George King regarding the family pension branch ~~together~~ and with the opinion of the Committee and requesting orders of Govt on the proposal ~~Order Thereon~~ No. ~~of~~ non admission of ~~any~~ fresh entrants to the Scheme:

order no H 3331-9

The working of the family Pension ~~fund~~ of the S. L. I. Scheme has not shown

May this be

i Printed ?

ii treated as a standing order ? } Yes 18/12 Thereon

iii published in the Gazette. English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

Subd for orders with reference to above

18/12

any improvement and that has not proved as popular as it was expected – who declined the Fund.

Mr George King, Actuary to the Govt Consulted, is of opinion very strongly that the rates are quite inadequate and that working upon them the Fund must result in loss. He has therefore recommended that the Fund may be closed to new entrants. The Insurance Committee have also agreed to this recommendation and which is supported by the Insurance Committee is approved by the Govt are pleased to direct that the Family Pensions Branch be closed to new entrants.

Secy. 19-12-21

To. Secy. Ins Com. 18/12/21

Considered
Hds of Depts
by Cmtee of Dirs.

List of enclosures.

Copied by

Examined by

WD 1866—(GPB—1,000,00—21-12-21

Proceedings of the Government of His Highness
the Maharaja of Lyonre.

Read :-

Correspondence ending with letter No.5093 dated 1st September 1924 from the Secretary to the Lyonre State Life - Insurance Committee forwarding the report of the Actuary Mr. George King regarding the family pension branch and the opinion of the Committee thereon and requesting orders of Government on the proposed non admission of fresh entrants to the Scheme.

Order No. H 3331-90/G.H.54-24-4

Dated Bangalore the 19th December 1924.

The working of the Family Pension Fund of the State Life - Insurance Scheme has not shown any improvement and it has not proved as popular as was expected Mr. George King Actuary who val of the fund considers that the rates are quite inadequate and that working upon them the fund must result in loss. He has therefore recommended that the fund may be closed to new entrants. This recommendation which is supported by the - Insurance Committee is approved.

Financial Secretary to Government.

To

The Secretary, Lyonre State Life Insurance Committee.
The Controller, Lyonre Government.
The Board of Departments.
The Deputy Commissioners of Districts.

M.E.G.

1029

G.F. 54-24-7

No. 9037 28594

Encl. 9

From

Office of the Secretary,
Mysore State Life Insurance Committee,
Bangalore, 23rd December 1924.
27.12.24

T. Satyaraj Chetty, Esqr., B.A.,
Secretary, Mysore State Life Insurance
Committee, Bangalore.

1029

To

2885

Rajakaryaprasaktha
M. N. Krishna Rao, Esqr., B.A.,
Financial Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

SIR,

With reference to your letter No.Fl.2952/G.F.54-24-4, dated 2nd December 1924, I have the honour to forward herewith for the information of Government, copy of Resolution NO.IV passed by the Committee at the meeting held on the 20th inst., with the office note referred to therein and to state that individual reports to Government as indicated in the note are submitted separately in respect of the points requiring special orders of Government.

I have the honor to be,

Sir,

Your most obedient servant,

T Satyaraj Chetty

SECRETARY,
Insurance Committee.

23/12

This may be kept after perusal.

SV.

23/1

Have any reports been received & if so how have they been disposed of?

Why has there been so much delay in the submission of this report?

23/25

Explanation sent
Individual reports
have been received

Proceedings of the Meeting of the Mysore State Life Insurance Committee held on 20th December 1924.

Public Branch.

X X X X -

IV. The report of the Actuary on the valuation of the Funds of the Public Branch and Government Order thereon calling for a detailed report on the Public Branch in view of the unfavourable remarks of the Actuary about its condition.

Resolved (1) that the various measures already adopted and proposed to be adopted as detailed in a separate note prepared by the Deputy Secretary be submitted to Government in reply to the reference received from Government.

(2) That only first class lives may be accepted in future until the next actuarial results are known.

X X

"C O P Y"

Deputy Secretary. 20/12/24

15'32
old mysore file.

GOVERNMENT OF MYSORE.

Mysore Government Secretariat

Requisition for papers

Section FD GF.

A

B

Filed not received

Deposit No.

File No. 127-33

Serial No. 163

To be put up Diary No. 3309 of 1959

Signature S. Venkatesa

Branch Dy Finance

Section Pension & Ins.

Date 28/4/1959

WD 03557—GPB—2,000 blks of 100 pages each—9-9-53

PUBLIC BRANCH.

Reference to Actuary's Letter.	Important Points raised by him.	OFFICE NOTE.	REMARKS.
ACTUARY'S LETTER DATED 27th March 1924 FLAGGED A.	Para 4 stating that the mortality has been very heavy in the Public Branch, 42 as compared with 37.6 of the Official Branch.	This figure has been revised and corrected to 37 in the final report. The Actuary says that on account of the small business done prior to the period of valuation, he could not enter into minute details and that the heavy rate is due to influenza mortality.	
	Para 5-- Stating that the valuation showed a deficiency of Rs.14,294/- according to the balance sheet sent to him by the office.	The figure has been revised and corrected to Rs.13,269/-.	
	Para 7:-- Stating that the present rates of premium in the Public Branch are unsuitable.	Fresh ~~Four~~ Tables were called for Specimen rates have been received. They are before the Committee.	Resolution framed by the committee is reported separately before... For orders... Orders have issued approving of the Sample rates & authorising me Hing to proceed with the Calculations

ACTUARY'S LETTER DATED 23rd March 24

FLAGGED B.

Stating that the Public Branch is in a most unsatisfactory position and it will have to be dealt with ~~direct~~ drastically if it is to continue. As it stands, there cannot be constantly recurring loss, which no doubt the Government would have to make good.

Para 2-- Stating that if such lives following hazardous occupation are to be accepted, very careful enquiry would

The following measures have been adopted.

(1) Stricter medical examination by graduates of not less than 5 years standing. — Does not work.

(2) Abeyance of Female lives proposed, →

(3) Exclusion of lives of hazardous occupation in Electrical and Military Occupation, ←

(4) Revision of Medical Report.

(5) Introduction of better and safer methods of identification, —

(6) Alteration of Rule 19 so as to avoid keeping policies in suspense for indefinite periods,

(7) Revision of rates,

(8) Exercising better scrutiny in the selection of lives and acceptance of only first class lives and rejecting all other cases.

Actuary's letter dated 23rd July 1924--
Flagged D.

ACTUARY'S LETTER DATED 1st May 1924
Flagged C.

~~enquiry would~~ have to be made in the first instance as to the amount of extra premium to be paid for each description of occupation; but thinking that at present stage it would be unwise to embark on this business as it is really risky, and urging that until the Public Branch has been thoroughly recognised, no extensions of the business should be permitted either in the way of short term endowment assurances, or of the acceptance of hazardous risks.

Forwarding the formal report on the condition of the Public Branch.

On the Committee's Resolution, sanction of Government has been applied for the total exclusion of hazardous lives.

Noted

Reported to Government and circulated to Members. File containing reply received from Government and the opinion of the Members is submitted herewith. All the official members agree to the revision of rates as furnished by the Actuary but the nonofficial members say that they are too high.

Appd by Govt.

at the outset when policy is granted that the parents or guardians is a thoroughly good life a very strict medical examination is essential.

Para 9-- Results of the Valuation showing a deficiency of Rs.13,268.6.

Circulated. Out of this, Rs.10,401 relates to the period prior to July 1919. The excess for 4 years being only Rs.2,866-9-0. It may kindly be noticed that under the existing Rule 19, even the policies in respect of which several instalments of premia are overdue cannot be regarded as lapsed and portion of liability reduced as they may be revived by production of a detailed medical certificate at any time and on payment of arrears with interest. These policies on account of their uncertainty of lapse have been brought under policies in force. Amendment of Rule 19 is since proposed and when brought into effect, we will know the exact situation of our liability to the extent

ACTUARY'S LETTER DATED 23RD JULY 1924 (FLAGGED D.)

Para 4-- Stating that the Fund shows a deficiency of Rs.13,269/-.

Para 5-- Mortality Experience-- Stating that the mortality in the Public Branch has been very heavy 37 against 37.6 of the Official Branch.

Para 6-- Advising that the women should not be admitted for the Public Branch for whole life policies but they might be accepted for Endowment assurances but only lives who pass a good medical examination should be taken and in every cases of a women 5 years should be added to the age.

And with regard to Children endowment policies it is necessary to make sure at the

Vide note against para 9 infra.

The matter is before the Committee.(Flag 3).

Only lady doctors of not less than the rank of Assistant Surgeons are required to examine Female proposers.

copy of Resolution passed by the Committee on the 20th June 24 stating that female lives should not be accepted till the next actuarial valuation results are known has been submitted to Govt for orders — Action approving copy of Resolution issued.

ACTUARY'S LETTER DATED 23rd JULY 1924 -- FLAGGED 'D'

Para 9 to 13-- Stating that as regard officers in the ~~of~~ Electrical Department those employees who are subjected to ordinary risks, may be accepted at ordinary rates either in the P.B. or in the State Branch but would suggest that they be permitted to take out only endowment assurance policies maturing not later than 55.

Para 14-- Stating that the Military men should be limited to Endowment assurances in insuring maturing not later than 50 and they should be rated up extent of surrender value only payable to the insured under a lapsed policy. It is presumed that the net liability will considerably be reduced when the proposed amendment is brought into effect.

Vide Resolution already passed totally excluding lives exposed to such risks.

——— do ———

Actuary's letter dated 23rd July 24

Flagged D.

rated up 5 years in the way explained above in para 6.

Para 15-- Stating that in the Public Branch, we should not admit any of the public outside Electrical Department and Military Men who are engaged in anything that may be called hazardous risks but should limit the admission to those who follow normal and non-hazardous occupations.

——————do——————

Actuary's Letter dated 12th August 24--Flag F.

Para 1-- Stating that he does not at all like the idea of State Life Assurance because either the business transacted must be very small or else great risks must be incurred. The Mysore Government are anxious to carry on a State Branch, and it is for the Government to judge, the

Proposal to accept only 1st class lives is placed before the Committee.

Flag-- F.E

The committee resolved under 20th para. 2 that only first class lives should be accepted and life with any loading should be accepted till the results of next Actuarial valuation are known

but the greatest care will have to be exercised in the management to keep down expenses, and to see that only first class lives are accepted.

Forwarding specimen rates of revised premium tables for the Public Branch for approval.

Actuary's Letter dated 1st. Oct. 24. Flagged F.

Comparative statement showing rates obtaining in a few important companies is prepared and submitted.

Resolution separately submitted to Govt. for orders.